

Author: Deborah Gibbs-Tschudy at -mms-Denver-GH-4
Date: 05/20/98 05:49 PM
Priority: Normal
CC: David Hubbard at -mms-denver-gh-4, Kenneth Vogel at -MMS-DENVER-85-1,
Linda Shishido-Sheahan at -MMS-DENVER-85-1
TO: David Domagala at -mms-denver-gh-4
Subject: Re: Counter to the Refinery Offer

I've very comfortable with your propped counteroffer. Thanks for your continued hard work on this project.

Reply Separator

Subject: Counter to the Refinery Offer
Author: David Domagala at -mms-denver-gh-4
Date: 05/20/98 04:43 PM

Debbie,
I know that you are very busy with other important matters, but as you may be aware, the refiners countered our offer with:

X-5, X-4

Linda, Mary and I have looked at the numbers for the grades of LLS, HLS and EI. This analysis showed an increase of 5.75% or \$12.4MM for the 13 months in '97-'98. So there is no doubt that this is a revenue winner for us. The Bonito grade began publication the first of the year so we did not analyze it, but I think we can expect the same gains in this area.

The Texas City proposal looks sound, it really does not vary much from what we were proposing previously. Only we used the X-5 X-4
X-5, X-4 usually one of the lower value posters, but the differentials are still relatively the same.

The MARS proposal will, in some cases, net us lower values than their original X-5, X-4

I've talked this over with Dave and we feel that a suitable counter to their offer would be doubling our original X-5 X-4 for the four spot crudes and accepting their terms for Texas City with our X-5, X-4 deduction. We would like to negotiate X-5, X-4 when we can gather more information as to its value. Our thinking as that we may then meet somewhere in the middle at X-4 X-5 something when this is finished. We feel that we should at least try to get them down from the X-4, X-5

We would like to present this offer Thursday because it is likely that with everyone out on Friday, it may be next Tuesday at the earliest. Please let us know if you do not feel o.k. with this counter. We will hold if you would like to further discuss when you have time.

Author: Deborah Gibbs-Tschudy at -mms-denver-gh-4

Date: 05/11/98 04:42 PM

Priority: Normal

TO: Linda Shishido-Sheahan at -MMS-DENVER-85-1, Mary Turton at -MMS-DENVER-85-2,
Vernon Ingraham at -MMS-DENVER-85-2, Donald Gilman at -MMS-DENVER-85-2, David Hubbard,
Kenneth Vogel at -MMS-DENVER-85-1, David Domagala

Subject: Re: Spot for Bonito

Sounds good.

Reply Separator

Subject: Spot for Bonito

Author: David Domagala at -mms-denver-gh-4

Date: 5/11/98 4:30 PM

Platt's is now publishing a spot price for Bonito crude. The
WTI/Bonito differential in the May 5th edition was \$1.43.

X-5 , X-4

As far as MARS goes, Equilon posts a Mars blend and a Eugene Isle
crude.

X-5

X-4

to the correct value.

This approach should get us close

Comments?